

# Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name Township of Frankenmuth	County SAGINAW	Type TOWNSHIP	MuniCode 73-1-110
Opinion Date-Use Calendar Aug 14, 2008	Audit Submitted-Use Calendar Aug 21, 2008	Fiscal Year-Use Drop List	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- ☒ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ 5. Did the local unit adopt a budget for all required funds?
- ☒ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
- ☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☐ 18. Are there reported deficiencies? ☐ 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 271,658.00
General Fund Expenditure:	\$ 176,613.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 303,124.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name) HEATHER	Last Name THOMAS	Ten Digit License Number 1101024719		
CPA Street Address 4855 STATE STREET SUITE #	City SAGINAW	State MI	Zip Code 48603	Telephone +1 (989) 790-3900
CPA Firm Name GARDNER, PROVENZANO, & #	Unit's Street Address 240 W GENESSEE	City FRANKENMUTH	LU Zip 48734	

**TOWNSHIP OF FRANKENMUTH**  
**Saginaw County, Michigan**

**FINANCIAL STATEMENTS**  
**March 31, 2008**

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# Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner  
Giacamo Provenzano  
James R. Schauman  
Heather A. Thomas

## INDEPENDENT AUDITOR'S REPORT

August 14, 2008

To the Township Board  
Township of Frankenmuth  
Saginaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of Township of Frankenmuth, Saginaw County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of the Township of Frankenmuth, Saginaw County, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township Board  
Township of Frankenmuth  
Saginaw County, Michigan  
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The management's discussion and analysis and budgetary comparisons listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Gardner, Provenzano, Schauman & Thomas, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

TOWNSHIP OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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Our discussion and analysis of the Township of Frankenmuth's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in the future fiscal periods.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

TOWNSHIP OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**Overview of the Financial Statements (continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds** – Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budget.

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, net assets increased by \$258,992 to \$3,659,684 at March 31, 2008.

The largest portion of the Township's net assets (56%) reflects unrestricted net assets that may be used to meet the government's ongoing obligations. The second largest portion of net assets (44%) reflects its investments in capital assets less any debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide service to citizens. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



TOWNSHIP OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS (continued)**

	Government Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current assets	\$ 1,181,852	\$ 967,896	\$ 850,059	\$ 896,947	\$ 2,031,911	\$ 1,864,843
Noncurrent assets	150,590	155,839	2,815,027	3,002,964	2,965,617	3,158,803
Total Assets	<u>\$ 1,332,442</u>	<u>\$ 1,123,735</u>	<u>\$ 3,665,086</u>	<u>\$ 3,899,911</u>	<u>\$ 4,997,528</u>	<u>\$ 5,023,646</u>
<b>Liabilities</b>						
Current liabilities	\$ 11,942	\$ 12,155	\$ 173,738	\$ 183,733	\$ 185,680	\$ 195,888
Long-term liabilities	-	-	1,152,164	1,427,066	1,152,164	1,427,066
Total Liabilities	<u>11,942</u>	<u>12,155</u>	<u>1,325,902</u>	<u>1,610,799</u>	<u>1,337,844</u>	<u>1,622,954</u>
Investment in capital assets-net	134,024	137,430	1,489,124	1,392,164	1,623,148	1,529,594
Unrestricted	1,186,476	974,150	850,060	896,948	2,036,536	1,871,098
Total Net assets	<u>\$ 1,320,500</u>	<u>\$ 1,111,580</u>	<u>\$ 2,339,184</u>	<u>\$ 2,289,112</u>	<u>\$ 3,659,684</u>	<u>\$ 3,400,692</u>

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 493,455	\$ 487,598	\$ 170,254	\$ 169,545	\$ 663,709	\$ 657,143
General revenue						
Property taxes	79,003	76,036	-	-	79,003	76,036
State Shared revenue	140,534	139,774	-	-	140,534	139,774
Interest	40,749	36,396	40,749	45,535	81,498	81,931
Miscellaneous	15,538	16,406	-	-	15,538	16,406
Total Revenue	<u>769,279</u>	<u>756,210</u>	<u>211,003</u>	<u>215,080</u>	<u>980,282</u>	<u>971,290</u>
Program Expense						
Legislative	59,613	79,889	-	-	59,613	79,889
General government	75,959	76,416	-	-	75,959	76,416
Public safety	271,832	269,936	-	-	271,832	269,936
Public works	152,955	193,790	-	-	152,955	193,790
Water	-	-	160,931	161,514	160,931	161,514
Total Program Expenses	<u>560,359</u>	<u>620,031</u>	<u>160,931</u>	<u>161,514</u>	<u>721,290</u>	<u>781,545</u>
Change in Net Assets	<u>\$ 208,920</u>	<u>\$ 136,179</u>	<u>\$ 50,072</u>	<u>\$ 53,566</u>	<u>\$ 258,992</u>	<u>\$ 189,745</u>

The Township's net assets increased by \$258,992 for the year ended March 31, 2008 as compared to \$189,745 in the previous year. Legislative expenses were less than the previous year by approximately \$20,000. In addition, approximately \$40,000 less was expended in the current year for public works projects.

TOWNSHIP OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**FINANCIAL ANALYSIS OF BUSINESS-TYPE FUNDS**

The water general fund saw a decrease in operating revenue before transfers of \$3,071. This fund transferred \$5,798 to water district 6 and \$27,842 to water district 8 to subsidize those funds. The remaining funds collected special assessments to service debt payments.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The Township general fund balance has stabilized to a level representing 1.02% of the 2008 budgeted expenditures.

In an effort to spread State revenue sharing to other funds and minimize the special assessment charged to our taxpayers the general fund had made transfers as follows:

	2008	2007
Road Fund	\$ 50,000	\$ 75,000
Police Protection	25,000	25,000
Total	<u>\$ 75,000</u>	<u>\$ 100,000</u>

The road construction fund was subsidized in an amount of \$50,000 from the general fund. Police protection was subsidized in the amount of \$25,000 from the general fund. These subsidies represent 56% of the anticipated revenue sharing from the State.

State revenue sharing represents approximately 52% of the general fund revenues.

Taxable Value for Frankenmuth Township remained approximately the same in 2008 as in 2007, decreasing from \$91.5 million to \$91.3 million, a change of .2%.

The police fund, garbage pickup fund, and fire equipment fund are all funded through special assessments. Police and fire equipment are spread equally over properties having building structures on them requiring these types of protection, and the garbage pickup fund is spread equally over properties having residences on them. Assessments for 2008 remained approximately the same as in 2007.

The road fund is funded through a road millage of 2 mills, adjusted by Headlee. This raises approximately \$174,000 annually, which combined with the general fund subsidy, provides \$225,000 annually for road maintenance and construction. With the proposed increase in charges by the Road Commission in 2008 the Township will limit the start of new road projects until current projects under progress are completed. This millage expired in 2007 and a ballot proposal is set for 2008 which will reestablish the millage at 2 mills beginning in December 2008.

TOWNSHIP OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**FINAL BUDGET VERSUS ACTUAL**

Budget Variances:

Revenue Sharing

- The variance in revenue sharing is due to budgeting conservatively in anticipation of a larger reduction in state payments than actually occurred.

Planning and Zoning:

- Reductions in building activities required less planning and zoning meetings than in the past. The Building Code Group, formed by Frankenmuth Township, Blumfield Township, and the City of Frankenmuth, handles all the inspectors' salaries and administration, and is self funded with no funding requirement from the three participating entities.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

The Township business-type funds paid \$183,733 of principal on long-term debt. There were no capital asset additions this year.

**CONTACTING THE TOWNSHIP'S MANAGEMENT**

This financial report provides taxpayers and other interested parties with the Township's general financial overview and accountability. If you require further information please contact the Township Office at P.O. Box 245, Frankenmuth, MI 48734.

TOWNSHIP OF FRANKENMUTH  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
March 31, 2008

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 1,156,444	\$ 847,675	\$ 2,004,119
Taxes receivable	3,393	-	3,393
Other receivables	22,015	2,384	24,399
Total current assets	<u>1,181,852</u>	<u>850,059</u>	<u>2,031,911</u>
Other assets:			
Special assessments receivable	<u>16,566</u>	<u>457,165</u>	<u>473,731</u>
Capital assets:			
Capital assets	212,665	3,470,947	3,683,612
Less accumulated depreciation	<u>(78,641)</u>	<u>(1,113,085)</u>	<u>(1,191,726)</u>
Net fixed assets	<u>134,024</u>	<u>2,357,862</u>	<u>2,491,886</u>
Total Assets	<u>\$ 1,332,442</u>	<u>\$ 3,665,086</u>	<u>\$ 4,997,528</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	\$ 11,942	\$ -	\$ 11,942
Current portion of long-term liabilities	<u>-</u>	<u>173,738</u>	<u>173,738</u>
Total current liabilities	<u>11,942</u>	<u>173,738</u>	<u>185,680</u>
Long-term liabilities:			
Bonds and loans payable	-	695,000	695,000
Deferred revenue-special assessments	<u>-</u>	<u>457,164</u>	<u>457,164</u>
Total long-term liabilities	<u>-</u>	<u>1,152,164</u>	<u>1,152,164</u>
Net assets:			
Invested in capital assets net of related debt	134,024	1,489,124	1,623,148
Unrestricted	<u>1,186,476</u>	<u>850,060</u>	<u>2,036,536</u>
Total net assets	<u>1,320,500</u>	<u>2,339,184</u>	<u>3,659,684</u>
Total Liabilities and Net Assets	<u>\$ 1,332,442</u>	<u>\$ 3,665,086</u>	<u>\$ 4,997,528</u>

See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

		Program Revenue	Governmental Activities	Business Type Activities	Total
			Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>			
<b>FUNCTIONS/PROGRAMS</b>					
<b>Governmental Activities:</b>					
Legislative	\$ 59,613	\$ -	\$ (59,613)	\$ -	\$ (59,613)
General government	75,959	36,593	(39,366)	-	(39,366)
Public safety	271,832	197,030	(74,802)	-	(74,802)
Public works	152,955	259,832	106,877	-	106,877
Total Governmental Activities	<u>560,359</u>	<u>493,455</u>	<u>(66,904)</u>	<u>-</u>	<u>(66,904)</u>
<b>Business-Type Activities:</b>					
Water	<u>160,931</u>	<u>170,254</u>	<u>-</u>	<u>9,323</u>	<u>9,323</u>
Total Government	<u>\$ 721,290</u>	<u>\$ 663,709</u>	<u>(66,904)</u>	<u>9,323</u>	<u>(57,581)</u>
<b>General Revenues:</b>					
Property taxes			79,003	-	79,003
State revenue sharing			140,534	-	140,534
Interest			40,749	40,749	81,498
Miscellaneous			15,538	-	15,538
Total General Revenues			<u>275,824</u>	<u>40,749</u>	<u>316,573</u>
Change in net assets			208,920	50,072	258,992
Net assets, Beginning of Year			1,111,580	2,289,112	3,400,692
Net assets, End of Year			<u>\$ 1,320,500</u>	<u>\$ 2,339,184</u>	<u>\$ 3,659,684</u>

See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
BALANCE SHEET - GOVERNMENTAL FUNDS  
MARCH 31, 2008

	General	Police	Road	Garbage	Building	Fire Equipment	Cemetery	Total
<u>Assets</u>								
Cash and investments	\$ 277,716	\$ 95,479	\$ 500,830	\$ 118,594	\$ 96,044	\$ 32,797	\$ 34,984	\$ 1,156,444
Taxes receivable	3,393	-	-	-	-	-	-	3,393
Due from other governments	22,015	-	-	-	-	-	-	22,015
Special assessments receivable	-	6,263	6,102	2,900	-	1,301	-	16,566
Total Assets	<u>\$ 303,124</u>	<u>\$ 101,742</u>	<u>\$ 506,932</u>	<u>\$ 121,494</u>	<u>\$ 96,044</u>	<u>\$ 34,098</u>	<u>\$ 34,984</u>	<u>\$ 1,198,418</u>
<u>Liabilities and Fund Equity</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 11,942	\$ -	\$ -	\$ -	\$ 11,942
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,942</u>
Fund equity:								
Fund balances:								
Unreserved:								
Undesignated	303,124	101,742	506,932	109,552	96,044	34,098	34,984	1,186,476
Total fund equity	<u>303,124</u>	<u>101,742</u>	<u>506,932</u>	<u>109,552</u>	<u>96,044</u>	<u>34,098</u>	<u>34,984</u>	<u>1,186,476</u>
Total Liabilities and Fund Equity	<u>\$ 303,124</u>	<u>\$ 101,742</u>	<u>\$ 506,932</u>	<u>\$ 121,494</u>	<u>\$ 96,044</u>	<u>\$ 34,098</u>	<u>\$ 34,984</u>	<u>\$ 1,198,418</u>

See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2008

Total fund balances - governmental funds	\$ 1,186,476
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Amounts reported for governmental activities in the statement of  
net assets are different because:

Capital assets used in governmental activities are not financial resources, and  
therefore, are not reported in the governmental funds balance sheet

Capital assets at cost	212,665
Accumulated depreciation	(78,641)

Total net assets - governmental activities	<u>\$ 1,320,500</u>
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See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2008

	General	Police	Road	Garbage	Building	Fire	Cemetery	Total
<b>Revenues:</b>								
Property taxes	\$ 79,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,003
Licenses and permits	1,680	-	-	-	-	-	-	1,680
State revenue sharing	140,102	432	-	-	-	-	-	140,534
Charges for services:								
Property tax administration	33,538	-	-	-	-	-	-	33,538
Interest	13,189	2,630	15,385	4,310	4,134	1,121	-	40,749
Special assessments	1,375	183,115	181,382	78,450	-	33,915	-	458,237
Miscellaneous	2,771	-	9,847	20	-	-	3,100	15,538
Total revenues	<u>271,658</u>	<u>166,177</u>	<u>206,394</u>	<u>82,780</u>	<u>4,134</u>	<u>35,036</u>	<u>3,100</u>	<u>769,279</u>
<b>Expenditures:</b>								
Legislative								
Township Board	59,613	-	-	-	-	-	-	59,613
General government								
Supervisor	12,110	-	-	-	-	-	-	12,110
Elections	2,598	-	-	-	-	-	-	2,598
Assessor	10,520	-	-	-	-	-	-	10,520
Clerk	12,406	-	-	-	-	-	-	12,406
Board of Review	1,743	-	-	-	-	-	-	1,743
Treasurer	15,360	-	-	-	-	-	-	15,360
Building and grounds	16,498	-	-	-	-	-	-	16,498
Cemetery	1,319	-	-	-	-	-	-	1,319
Public safety								
Fire protection	31,806	-	-	-	-	33,223	-	65,029
Police protection	-	198,163	-	-	-	-	-	198,163
Planning and zoning	8,640	-	-	-	-	-	-	8,640
Public works								
Highways and streets	-	-	70,466	-	-	-	-	70,466
Street lighting	4,000	-	-	-	-	-	-	4,000
Sanitation	-	-	-	78,488	-	-	-	78,488
Total expenditures	<u>176,613</u>	<u>198,163</u>	<u>70,466</u>	<u>78,488</u>	<u>-</u>	<u>33,223</u>	<u>-</u>	<u>556,953</u>
Excess (deficiency) of revenues over expenditures	95,045	(31,986)	135,928	4,292	4,134	1,813	3,100	212,326
<b>Other financing sources (uses)</b>								
Operating transfers in	-	25,000	50,000	-	-	-	-	75,000
Operating transfers out	(75,000)	-	-	-	-	-	-	(75,000)
Total other financing sources (uses)	<u>(75,000)</u>	<u>25,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other sources	20,045	(6,986)	185,928	4,292	4,134	1,813	3,100	212,326
Fund Balances, Beginning	283,079	108,728	321,004	105,260	91,910	32,265	31,884	874,150
Fund Balances, Ending	<u>\$ 303,124</u>	<u>\$ 101,742</u>	<u>\$ 506,932</u>	<u>\$ 109,552</u>	<u>\$ 96,044</u>	<u>\$ 34,098</u>	<u>\$ 34,984</u>	<u>\$ 1,186,476</u>

See accompanying notes to basic financial statements.



TOWNSHIP OF FRANKENMUTH  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

Net Changes in Fund Balances-Total Governmental Funds	\$	212,326
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Amounts reported for governmental activities in the Statement of Activities  
are different because,

Governmental funds report capital outlays as expenditures; in the  
Statement of Activities, these costs are allocated over their  
estimated useful lives as depreciation

Depreciation Expense	(3,406)
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Change in Net Assets of Governmental Activities	<u>\$</u>	<u>208,920</u>
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See accompanying notes to basic financial statements.

STATEMENT OF NET ASSETS - BUSINESS-TYPE FUNDS

March 31, 2008

TOWNSHIP OF FRANKENMUTH

	Water General	Water District #5	Water District #6	Water District #7	Water District #8	Water District #9	Water District #11	Water District #12	Total
<u>Assets</u>									
Current assets:									
Cash and investments	\$ 135,680	\$ 106,390	\$ 6	\$ 80,780	\$ 61	\$ 12,544	\$ 136,164	\$ 376,050	\$ 847,675
Due from other governments	2,384	-	-	-	-	-	-	-	2,384
Total current assets	138,064	106,390	6	80,780	61	12,544	136,164	376,050	850,059
Other assets:									
Special assessments receivable	-	14,676	-	11,786	40,741	6,657	180,301	203,004	457,165
Total other assets	-	14,676	-	11,786	40,741	6,657	180,301	203,004	457,165
Capital assets:									
Capital assets	569,773	254,784	109,372	184,300	647,032	138,685	653,243	913,758	3,470,947
Less accumulated depreciation	(339,453)	(89,179)	(38,863)	(64,511)	(206,277)	(45,071)	(146,979)	(182,752)	(1,113,085)
Net capital assets	230,320	165,605	70,509	119,789	440,755	93,614	506,264	731,006	2,357,862
Total Assets	\$ 368,384	\$ 286,671	\$ 70,515	\$ 212,355	\$ 481,557	\$ 112,815	\$ 822,729	\$ 1,310,060	\$ 3,665,086
<u>Liabilities and Net Assets</u>									
Current liabilities:									
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ 13,738	\$ 42,900	\$ 7,100	\$ 45,000	\$ 65,000	\$ 173,738
Total current liabilities	-	-	-	13,738	42,900	7,100	45,000	65,000	173,738
Long-term liabilities:									
Bonds and loans payable	-	-	-	-	64,350	10,650	230,000	390,000	695,000
Deferred revenue - special assessment	-	14,676	-	11,786	40,741	6,657	180,301	203,003	457,164
Total long-term liabilities	-	14,676	-	11,786	105,091	17,307	410,301	593,003	1,152,164
Net assets:									
Invested in capital assets, net of related debt	230,320	165,605	70,509	106,051	333,505	75,864	231,264	276,006	1,489,124
Unrestricted	138,064	106,390	6	80,780	61	12,544	136,164	376,051	850,060
Total net assets	368,384	271,995	70,515	186,831	333,566	88,408	367,428	652,057	2,339,184
Total Liabilities and Net Assets	\$ 368,384	\$ 286,671	\$ 70,515	\$ 212,355	\$ 481,557	\$ 112,815	\$ 822,729	\$ 1,310,060	\$ 3,665,086

See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUSINESS-TYPE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	Water General	Water District #5	Water District #6	Water District #7	Water District #8	Water District #9	Water District #11	Water District #12	Total
Operating revenues:									
Service charges	\$ 14,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,628
Total operating revenues	<u>14,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,628</u>
Less operating expenses:									
Administration fees	-	121	16	118	295	50	1,036	1,152	2,788
Professional fees	1,299	250	125	250	125	250	250	250	2,799
Repairs	9,228	-	-	1,282	-	-	-	-	10,510
Total operating expenses before depreciation	<u>10,527</u>	<u>371</u>	<u>141</u>	<u>1,650</u>	<u>420</u>	<u>300</u>	<u>1,286</u>	<u>1,402</u>	<u>16,097</u>
Operating income (loss) before depreciation	4,101	(371)	(141)	(1,650)	(420)	(300)	(1,286)	(1,402)	(1,469)
Less: depreciation	<u>(14,244)</u>	<u>(6,370)</u>	<u>(2,734)</u>	<u>(4,608)</u>	<u>(16,176)</u>	<u>(3,467)</u>	<u>(16,331)</u>	<u>(22,844)</u>	<u>(86,774)</u>
Operating income (loss)	<u>(10,143)</u>	<u>(6,741)</u>	<u>(2,875)</u>	<u>(6,258)</u>	<u>(16,596)</u>	<u>(3,767)</u>	<u>(17,617)</u>	<u>(24,246)</u>	<u>(88,243)</u>
Non-operating revenues and (expenses)									
Special assessments	-	13,472	4,444	22,176	22,873	4,769	42,000	45,892	155,626
Interest income	7,072	4,201	55	3,608	184	727	6,758	18,144	40,749
Interest expense	-	-	(575)	(687)	(8,580)	(1,420)	(17,600)	(28,048)	(56,910)
Paying agent fees	-	-	(200)	-	(343)	(57)	(150)	(400)	(1,150)
Total non-operating revenues and (expenses)	<u>7,072</u>	<u>17,673</u>	<u>3,724</u>	<u>25,097</u>	<u>14,134</u>	<u>4,019</u>	<u>31,008</u>	<u>35,588</u>	<u>138,315</u>
Income (loss) before transfer	(3,071)	10,932	849	18,839	(2,462)	252	13,391	11,342	50,072
Operating transfers in	-	-	5,798	-	27,842	-	-	-	33,640
Operating transfers out	<u>(33,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,640)</u>
Change in net assets	<u>(36,711)</u>	<u>10,932</u>	<u>6,647</u>	<u>18,839</u>	<u>25,380</u>	<u>252</u>	<u>13,391</u>	<u>11,342</u>	<u>50,072</u>
Net Assets, Beginning of year	405,095	261,063	63,868	167,992	308,186	88,156	354,037	640,715	2,289,112
Net Assets, End of Year	<u>\$ 368,384</u>	<u>\$ 271,995</u>	<u>\$ 70,515</u>	<u>\$ 186,831</u>	<u>\$ 333,566</u>	<u>\$ 88,408</u>	<u>\$ 367,428</u>	<u>\$ 652,057</u>	<u>\$ 2,339,184</u>

See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
STATEMENT OF CASH FLOWS - BUSINESS-TYPE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	Water General	Water District #5	Water District #6	Water District #7	Water District #8	Water District #9	Water District #11	Water District #12	Total
Cash flows from operating activities:									
Cash received from customers	\$ 14,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,398
Cash payments to suppliers	(10,527)	(371)	(141)	(1,650)	(420)	(300)	(1,286)	(1,402)	(16,097)
Net cash provided (used) for operating activities	<u>3,871</u>	<u>(371)</u>	<u>(141)</u>	<u>(1,650)</u>	<u>(420)</u>	<u>(300)</u>	<u>(1,286)</u>	<u>(1,402)</u>	<u>(1,699)</u>
Cash flows from capital and related financing activities:									
Proceeds from special assessments	-	13,472	4,444	22,176	22,873	4,771	42,000	45,892	155,628
Principal paid on loans and bonds	-	-	(10,000)	(13,733)	(42,900)	(7,100)	(45,000)	(65,000)	(183,733)
Interest paid on loans and bonds	-	-	(775)	(687)	(8,924)	(1,477)	(17,750)	(28,448)	(58,061)
Transfers in (out)	(33,640)	-	5,798	-	27,842	-	-	-	-
Net cash provided (used) for capital and related financing activities	<u>(33,640)</u>	<u>13,472</u>	<u>(533)</u>	<u>7,756</u>	<u>(1,109)</u>	<u>(3,806)</u>	<u>(20,750)</u>	<u>(47,556)</u>	<u>(86,166)</u>
Cash flows from investing activities:									
Interest income	7,072	4,201	55	3,608	184	725	6,758	18,144	40,747
Net cash provided (used) for investing activities	<u>7,072</u>	<u>4,201</u>	<u>55</u>	<u>3,608</u>	<u>184</u>	<u>725</u>	<u>6,758</u>	<u>18,144</u>	<u>40,747</u>
Net increase (decrease) in cash and cash equivalents	(22,697)	17,302	(619)	9,714	(1,345)	(3,381)	(15,278)	(30,814)	(47,118)
Cash and Cash Equivalents, Beginning of the year	158,377	89,088	625	71,066	1,406	15,925	151,442	406,864	894,793
Cash and Cash Equivalents, End of the year	<u>\$ 135,680</u>	<u>\$ 106,390</u>	<u>\$ 6</u>	<u>\$ 80,780</u>	<u>\$ 61</u>	<u>\$ 12,544</u>	<u>\$ 136,164</u>	<u>\$ 376,050</u>	<u>\$ 847,675</u>
Reconciliation of operating income to net cash provided (used) for operating activities:									
Operating income (loss)	\$ (10,143)	\$ (6,741)	\$ (2,875)	\$ (6,256)	\$ (16,596)	\$ (3,767)	\$ (17,617)	\$ (24,246)	\$ (88,243)
Depreciation	14,244	6,370	2,734	4,608	16,176	3,467	16,331	22,844	86,774
Other receivables	(230)	-	-	800	-	-	-	-	570
Net cash provided (used) for operating activities	<u>\$ 3,871</u>	<u>\$ (371)</u>	<u>\$ (141)</u>	<u>\$ (850)</u>	<u>\$ (420)</u>	<u>\$ (300)</u>	<u>\$ (1,286)</u>	<u>\$ (1,402)</u>	<u>\$ (899)</u>

See accompanying notes to basic financial statements.

## TOWNSHIP OF FRANKENMUTH NOTES TO FINANCIAL STATEMENTS

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### NOTE 1--Summary of Significant Policies

The accounting policies of the Township of Frankenmuth, Saginaw County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

#### Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or are dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Frankenmuth. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

#### Joint Venture

In 1960, the Township entered into a Joint Venture with the City of Frankenmuth to form the Frankenmuth City-Township Commission. The Commission manages jointly owned property and equipment. The Township contributes to the Frankenmuth City-Township Commission based upon the adopted budget of the Commission. Contributions to the Commission for the year ended March 31, 2008 are as follows: General Fund \$16,498, Fire Fund \$31,806, Cemetery \$1,319 and Debt Service \$32,973.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Governmental and business type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. The Township's special revenue funds are as follow: Police, Road and Garbage.

TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital assets. The Township's capital projects funds are as follow: Building and Fire Equipment.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for assets that are legally restricted.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise funds are charges to customers for services. The enterprise funds also recognize as operating revenues the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township's 2007 tax roll millage, collection in 2008, was .86350 for the general fund and 1.98240 for the road construction fund. The taxable value of real property was \$89,211,490.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Cash and Investments

Cash and investments include cash on hand, demand deposits, and certificates of deposit. Cash equivalents, for the statement of cash flows, are those certificates of deposit with a maturity of three months or less. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	40 years
Equipment	5 years

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At this time the fund balances of governmental funds are unreserved and undesignated.



TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 2--Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

NOTE 3--Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 3--Deposits and Investments

The Township Board has designated one bank for deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by State law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Township's policies regarding deposits of cash are discussed in Note 1. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2008. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Township or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Category 1	Category 2	Category 3	Total Carrying Value
Demand deposits	\$ 10,648	\$ 10,648	\$ -	\$ -	\$ 7,410
Municipal investment fund	782,000	-	-	782,000	782,000
Certificates of deposit	1,214,709	89,352	-	1,125,357	1,214,709
Total Deposits	<u>\$ 2,007,357</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 1,907,357</u>	<u>\$ 2,004,119</u>

TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

**NOTE 4--Capital Assets Governmental Activities**

Capital assets of the Township's Governmental activities are as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not subject to depreciation				
Land	\$ 82,000	\$ -	\$ -	\$ 82,000
Capital assets subject to depreciation				
Building improvements	100,000	-	-	100,000
Equipment	30,665	-	-	30,665
Subtotal	130,665	-	-	130,665
Accumulated Depreciation				
Building improvements	47,500	2,500	-	50,000
Equipment	27,735	906	-	28,641
Subtotal	75,235	3,406	-	78,641
Net capital assets being depreciated	55,430	(3,406)	-	52,024
Net governmental capital assets	\$ 137,430	\$ (3,406)	\$ -	\$ 134,024

**NOTE 5--Capital Assets – Business-Type Activities**

A summary of business-type capital assets are as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets subject to depreciation: Property, mains and equipment				
Water revenue	\$ 569,773	\$ -	\$ -	\$ 569,773
Water District # 5	254,784	-	-	254,784
Water District # 6	109,372	-	-	109,372
Water District # 7	184,300	-	-	184,300
Water District # 8	647,032	-	-	647,032
Water District # 9	138,685	-	-	138,685
Water District # 11	653,243	-	-	653,243
Water District # 12	913,758	-	-	913,758
Subtotal	3,470,947	-	-	3,470,947
Accumulated Depreciation				
Water revenue	325,209	14,244	-	339,453
Water District # 5	82,809	6,370	-	89,179
Water District # 6	36,129	2,734	-	38,863
Water District # 7	59,903	4,608	-	64,511
Water District # 8	190,102	16,175	-	206,277
Water District # 9	41,604	3,467	-	45,071
Water District # 11	130,648	16,331	-	146,979
Water District # 12	159,908	22,844	-	182,752
Subtotal	1,026,312	86,773	-	1,113,085
Net Business-type capital assets	\$ 2,444,635	\$ (86,773)	\$ -	\$ 2,357,862

TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 6--Changes in Long-Term Debt

The following is a summary of bonds and loan transactions of the Township for the year ended March 31, 2008.

Type of Debt	Balance April 1, 2007	Additions	Retirements	Balance March 31, 2008	Current Portion
Bonds and loans payable	<u>\$ 1,052,471</u>	<u>\$ -</u>	<u>\$ 183,733</u>	<u>\$ 868,738</u>	<u>\$ 173,738</u>

At March 31, 2008, the long-term debt payable from proprietary funds consisted of the following:

	Interest Rate	Date of Maturity	Amount of Annual Maturity	Outstanding	Current Portion
Water District #7 Issue amount - \$206,000	5.15	3/5/2006-2009	\$ 13,733	\$ 13,738	\$ 13,738
Water District #8 and #9 issue amount - \$775,000	5.00 to 7.00	4/1/2006-2010	\$50,000 to \$75,000	125,000	50,000
Water District #11 Issue amount - \$650,000	5.00 to 5.50	3/1/2006-2014	\$45,000 to \$ 50,000	275,000	45,000
Water District #12 Issue amount - \$935,000	5.10 to 7.10	3/1/2006-2015	\$35,000 to \$65,000	455,000	65,000
			Total	<u>\$ 868,738</u>	<u>\$ 173,738</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2008 are as follows:

Year Ending March 31,	Principal	Interest	Total
2009	\$ 173,738	\$ 47,335	\$ 221,073
2010	185,000	38,254	223,254
2011	110,000	27,986	137,986
2012	110,000	22,033	132,033
2013	110,000	16,049	126,049
2014-2015	180,000	13,638	193,638
Total	<u>\$ 868,738</u>	<u>\$ 165,295</u>	<u>\$ 1,034,033</u>

TOWNSHIP OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 7--Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8--Transfers In and Transfers Out

For the fiscal year ended March 31, 2008, the Township had the following interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Fire	\$ 25,000	General	\$ 25,000
Road	50,000	General	50,000
Water district # 6	5,798	Water General	5,798
Water district # 8	27,842	Water General	27,842
Total	<u>\$ 108,640</u>	Total	<u>\$ 108,640</u>

The transfers were to subsidize the funds receiving the transfer.

TOWNSHIP OF FRANKENMUTH  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED MARCH 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property taxes	\$ 79,660	\$ 79,660	\$ 79,003	\$ (657)
Licenses and permits	1,275	1,275	1,680	405
State revenue sharing	130,000	130,000	140,102	10,102
Charges for services:				
Property tax administration	30,950	30,950	33,538	2,588
Interest	12,800	12,800	13,189	389
Special assessments	1,375	1,375	1,375	-
Miscellaneous	1,600	1,600	2,771	1,171
Total revenues	<u>257,660</u>	<u>257,660</u>	<u>271,658</u>	<u>13,998</u>
<u>Expenditures</u>				
Legislative:				
Township Board	60,500	60,526	59,613	(913)
General government:				
Supervisor	12,700	12,700	12,110	(590)
Elections	2,075	2,664	2,598	(66)
Assessor	10,700	10,700	10,520	(180)
Clerk	12,350	12,550	12,406	(144)
Board of Review	1,500	1,984	1,743	(241)
Treasurer	15,350	15,378	15,360	(18)
Building and grounds	16,498	16,498	16,498	-
Cemetery	1,319	1,319	1,319	-
Public safety:				
Fire protection	31,806	31,806	31,806	-
Planning and zoning	14,650	14,650	8,640	(6,010)
Public works:				
Street lighting	4,400	4,400	4,000	(400)
Sanitation	1,500	1,500	-	(1,500)
Total expenditures	<u>185,348</u>	<u>186,675</u>	<u>176,613</u>	<u>(10,062)</u>
Excess (deficiency) of revenues over expenditures	72,312	70,985	95,045	24,060
Other financing sources (uses):				
Operating transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,688)	(4,015)	20,045	24,060
Fund Balance, Beginning	283,079	283,079	283,079	-
Fund Balance, Ending	<u>\$ 280,391</u>	<u>\$ 279,064</u>	<u>\$ 303,124</u>	<u>\$ 24,060</u>

See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
BUDGETARY COMPARISON SCHEDULE - POLICE FUND  
FOR THE YEAR ENDED MARCH 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
State revenue	\$ 385	\$ 385	\$ 432	\$ 47
Interest	1,600	1,600	2,630	1,030
Special assessments	173,248	173,248	163,115	(10,133)
Total revenues	<u>175,233</u>	<u>175,233</u>	<u>166,177</u>	<u>(9,056)</u>
<u>Expenditures</u>				
Public safety				
Contracted services	197,913	197,913	197,913	-
Professional services	250	250	250	-
Total expenditures	<u>198,163</u>	<u>198,163</u>	<u>198,163</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(22,930)	(22,930)	(31,986)	(9,056)
Other financing sources (uses):				
Operating transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,070	2,070	(6,986)	(9,056)
Fund Balance, Beginning	108,728	108,728	108,728	-
Fund Balance, Ending	<u>\$ 110,798</u>	<u>\$ 110,798</u>	<u>\$ 101,742</u>	<u>\$ (9,056)</u>

See accompanying notes to basic financial statements.

TOWNSHIP OF FRANKENMUTH  
BUDGETARY COMPARISON SCHEDULE - ROAD FUND  
FOR THE YEAR ENDED MARCH 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Interest	\$ 3,800	\$ 3,800	\$ 15,365	\$ 11,565
Special assessments	181,168	181,168	181,382	214
Miscellaneous	5,000	5,000	9,647	4,647
Total revenues	<u>189,968</u>	<u>189,968</u>	<u>206,394</u>	<u>16,426</u>
<u>Expenditures</u>				
Public works				
Contracted services	383,000	383,000	70,216	(312,784)
Professional services	250	250	250	-
Total expenditures	<u>383,250</u>	<u>383,250</u>	<u>70,466</u>	<u>(312,784)</u>
Excess (deficiency) of revenues over expenditures	(193,282)	(193,282)	135,928	329,210
Other financing sources (uses):				
Operating transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(143,282)	(143,282)	185,928	329,210
Fund Balance, Beginning	321,004	321,004	321,004	-
Fund Balance, Ending	<u>\$ 177,722</u>	<u>\$ 177,722</u>	<u>\$ 506,932</u>	<u>\$ 329,210</u>

See accompanying notes to basic financial statements.



TOWNSHIP OF FRANKENMUTH  
BUDGETARY COMPARISON SCHEDULE - GARBAGE FUND  
FOR THE YEAR ENDED MARCH 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Interest	\$ 3,000	\$ 3,000	\$ 4,310	\$ 1,310
Special assessments	81,900	81,900	78,450	(3,450)
Miscellaneous	-	-	20	20
Total revenues	<u>84,900</u>	<u>84,900</u>	<u>82,780</u>	<u>(2,120)</u>
<u>Expenditures</u>				
Public works				
Contracted services	83,100	83,100	76,780	(6,320)
Professional services	250	250	250	-
Recycle bins	-	-	1,458	1,458
Total expenditures	<u>83,350</u>	<u>83,350</u>	<u>78,488</u>	<u>(4,862)</u>
Excess (deficiency) of revenues over expenditures	1,550	1,550	4,292	2,742
Fund Balance, Beginning	105,260	105,260	105,260	-
Fund Balance, Ending	<u>\$ 106,810</u>	<u>\$ 106,810</u>	<u>\$ 109,552</u>	<u>\$ 2,742</u>

See accompanying notes to basic financial statements.